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AUGUST 21, 2024

AGENDA ITEM 2  
INFORMATION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

*Executive Director's Report*

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## **I. TOPICS TO BE PRESENTED DURING MEETING**

### **Review of Program Participation and Funding** as of 7/31/2024

- Funded saver accounts: 519,562
- Average funded account balance: \$1,895
- Total AUM: \$984,708,724
- Employers registered: 134,862
- Employers exempted: 130,480
- Employers facilitating CalSavers: 51,988
- See **Attachment 2A**.

### **Update on Employer Compliance Enforcement**

State law established penalties for eligible employers that do not make the Program available to their employees. For each wave of employers, after months of marketing and notices from Ascensus, staff begin distribution of enforcement notices (“due process notices”) to employers who are not compliant due to missing their registration deadline, failing to upload their employee roster, or failing to facilitate contributions.

State law requires due process notice prior to penalty imposition. Following these notices and extensive staff research efforts to identify exempt employers, staff began referring employers to the Franchise Tax Board (FTB) for penalty imposition in October of 2023.

Over 15,000 employers have been removed from the pool of penalty-status employers since the penalty enforcement implementation. The remaining noncompliant employers began receiving the second penalty notice in the amount of \$500 per unenrolled, eligible employee beginning late May of 2024. 1,420 of those employers subject to the \$500 penalty have taken the appropriate compliance action.

Summaries of enforcement activity are reported in **Attachment 2B**.

## **Update on Wave 4**

In 2022, legislation was passed that expanded the CalSavers mandate from businesses with five or more employees to include businesses with one or more employees. We estimate that this final “wave” of employers – Wave 4 – will cover approximately 440,000 employers. The deadline for compliance for this group of “microbusinesses” is December 31, 2025. We anticipate this Wave will present challenges due to the small size of the businesses, the likely lack of familiarity with retirement savings programs, lack of established communication networks, and potential issues with payroll integration. In support of this effort, CalSavers is working diligently well in advance of the deadline to make compliance as simple as possible for the employers. Our efforts include:

- A phased roll-out of early communications to businesses, urging them to get started by registering and then running the program or properly exempting themselves
- A customized web landing page specific to Wave 4 microbusinesses, with answers to common questions such as “What if my only employee is my spouse?”
- Developing social media campaigns to encourage CalSavers supporters to help us share information with their personal and professional networks
- Targeted web advertising
- Aligning mailing timelines between our contractors and call center to lower projected call wait times
- Enhancing the process for employers with no employees to exempt themselves
- Producing a digital toolkit for employers and stakeholders

See **Item 3A** for more detail.

## **Risk Monitoring**

Quarterly risk heat map (**Attachment 2C**). Lowered “Contractors’ Corporate Issues” from High to Medium

## **Amendments**

Exceeding \$300,000 or Otherwise Requiring Board Action

*No updates*

## **Legislation and Policy**

### **Federal Legislation**

*No updates*

### **State Legislation**

*No updates*

## **CalSavers Regulations**

*Updates on previously approved regulation packages*

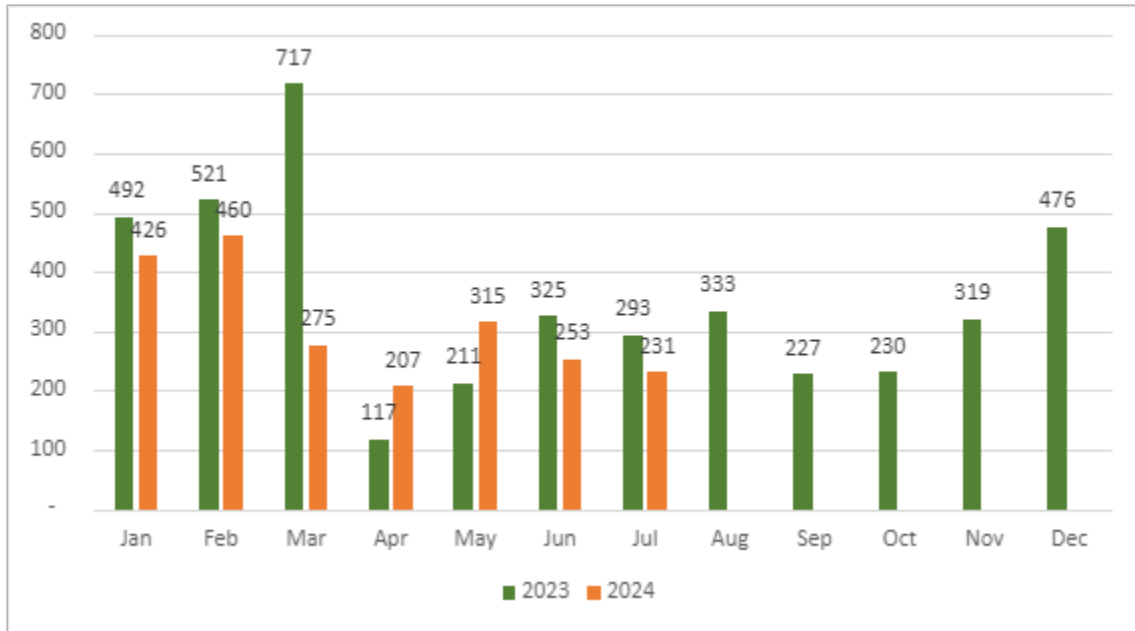
### **Employer Registration Process Change**

The amendments approved by the Board in May 2023 to change the Program regulations that would simplify the employer registration process were approved by the Office of Administrative Law (OAL) on June 5, 2024. This rulemaking action is complete and the changes to the regulations are now permanent.

### **Noncompliance Regulations**

At the November 13, 2023, Board meeting, the Board approved amendments to the Program regulations intended to clarify employer noncompliance actions, and staff began the emergency rulemaking process shortly thereafter. The emergency regulations were initially approved by OAL on December 26, 2023, and approved for readoption on June 20, 2024. During this time, Program staff initiated the regular rulemaking process on May 31, 2024, and submitted the rulemaking package to the Department of Finance for review on July 19, 2024, after completing the public comment period. The Department of Finance has until August 19, 2024, to review and approve the fiscal and economic impacts of the regulations.

**Staff Customer Service Caseload Referred by Ascensus Call Center**



*Counts of employer cases handled by CalSavers staff, thru 07/31/2024*

**External Presentations**

*Public Webinars Summary*

	English	Spanish	Mandarin	Cantonese	TOTAL
Attendees May-Jul	375	26	0	0	401
Attendees YTD	1,044	93	0	0	1,137
Sessions May-Jul	24	10	6	6	66
Sessions YTD	55	26	10	10	101

*Stakeholder/Community Presentations, Employer Visits, and Policy Forum Remarks*

(Events Since May Board Report)

	Date	Organization	Event	Location
1.	5/31/2024	Senator Aisha Wahab w/ Treasurer Fiona Ma	Small Biz Workshop	Santa Clara
2.	6/11/2024	El Pajaro Women’s Business Center	Registration Workshop	Watsonville
3.	6/17/2024	DGS Minority Owned Small Business (MOSB) Task Force	CalSavers Retirement Savings Program & the State’s Retirement Mandate	Sacramento
4.	7/16/2024	United Domestic Workers (UDW)	UDW Merced/Mariposa Counties Picnic	Merced
5.	7/27/2024	Florin Square Community Development Corporation (FSCDC)	Small Business Success Summit	Sacramento

## **II. TOPICS AVAILABLE FOR PRESENTATION BY REQUEST**

### **Staffing**

- CalSavers hired a new Administrative Operations Manager, Edward Park
- CalSavers promoted Carolina Hernandez from Outreach Analyst to Staff Services Manager (Specialist)
- CalSavers is recruiting for two analysts positions on the Outreach and Customer Support teams
- See revised organization chart in **Attachment 2D**.

### **Budget**

- Year-date-income for the Program is \$2,800,987.64, and expenditures are \$2,510,571.13. Figures are as of most recent STO accounting figures, June 30, 2024.
- The full \$6,000,000 of SB 840 – Budget Act of 2022 loan authority was drawn down by June 30, 2024.
- See CalSavers Retirement Savings Board Fund Manager’s Report in **Attachment 2E**

### **Earned Media**

Media coverage, including articles, television and radio segments, and podcasts published since the previous Board report, is summarized below.

	<b>Pub. Date</b>	<b>Publication</b>	<b>Headline/Link</b>
1.	5/4/2024	AdminBooks	<a href="#">CA Business Owners: New Retirement Requirement For Employers</a>
2.	6/13/2024	Pensions & Investments	<a href="#">Rhode Island passes bill to establish state-run retirement savings program</a>
3.	7/5/2024	National Tax-Deferred Savings Association	<a href="#">CalSavers Assets Near \$1B in Q2</a>
4.	7/5/2024	American Society of Pensions Professionals & Actuaries	<a href="#">CalSavers Assets Near \$1B in Q2</a>
5.	7/5/2024	ShiftCare	<a href="#">Understanding CalSavers, California's Mandatory IRA Plan Often Missed by Home Care Agencies</a>
6.	7/17/2024	Sun Sentinel	<a href="#">South Florida leaders want to head off ‘silver tsunami’ aging crisis</a>
7.	7/19/2024	Business Insider	<a href="#">State Auto-IRA Programs: Access Roth IRA Benefits and Automatic Payroll Deduction Through Your State</a>

### **Attachments**

- Attachment 2A: Summary of Program Participation & Funding as of July 31, 2024
- Attachment 2B: Employer Enforcement Activity as of July 31, 2024
- Attachment 2C: Quarterly Risk Heat Map
- Attachment 2D: CalSavers Organization Chart
- Attachment 2E: CalSavers Retirement Savings Board Fund Manager’s Report as of June 30, 2024